

RECORDATION NO. 25058-A FILED

FEB 3 '05

4-04 PM

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SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

February 3, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Supplement No. 1 to Security Agreement-Chattel Mortgage, dated as of February 5, 2005, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Security Agreement-Chattel Mortgage previously filed with the Board under Recordation Number 25058.

The names and addresses of the parties to the enclosed document are:

Secured Party: HSH Nordbank AG, New York Branch
590 Madison Avenue
New York, New York 10022

Debtor: PLM Rail Partners, LLC
655 Montgomery Street, Suite 1200
San Francisco, California 94111

Mr. Vernon A. Williams
February 3, 2005
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A description of the railroad equipment covered by the enclosed document is:

105 Tank Cars: 100 cars bearing reporting marks within the series DCFX 1418 through DCFX 1490, PCSX 1121 through PCSX 9430 and PLMX 164 through PLMX 733203; all as specifically described in the Schedule attached to the document, and CITX 35525, CTEX 582, CTEX 857, CTEX 861 and HMOX 2036.

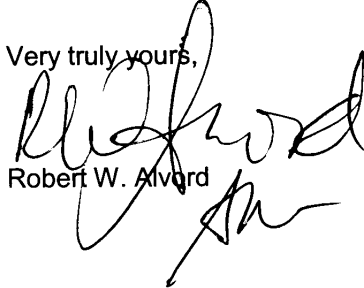
A short summary of the document to appear in the index is:

Supplement No. 1 to Security Agreement- Chattel Mortgage.

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

EXECUTION COPY

RECORDATION NO. 25058-A FILED

SUPPLEMENT NO. 1

FEB 3 '05

4-04 PM

DATED AS OF FEBRUARY 2, 2005

SURFACE TRANSPORTATION BOARD

TO

SECURITY AGREEMENT – CHATTEL MORTGAGE

DATED AS OF JULY 12, 2004

SUPPLEMENT No. 1 dated as of February 2, 2005 (this “Supplement”) to Security Agreement dated as of July 12, 2004 (as amended, supplemented or modified from time to time, the “Security Agreement”) between PLM RAIL PARTNERS, LLC, as Debtor (the “Debtor”) and HSH NORDBANK AG, NEW YORK BRANCH, acting both on its own behalf as Administrative Agent and as the agent for and representative (within the meaning of Section 9-102(a)(72) of the Uniform Commercial Code) of the Secured Creditors (the “Secured Party”).

W I T N E S S E T H:

WHEREAS, the Debtor has notified the Secured Party of the Debtor’s desire to sell certain Equipment subject to and in accordance with the terms and conditions set forth in Section 3.03 of the Security Agreement;

WHEREAS, as a result of such sale of Equipment, the Accumulated Proceeds (as defined in the Loan Agreement) will exceed \$500,000 and pursuant to Section 1.05(a) of the Loan Agreement dated as of June 30, 2004 (as amended, supplemented or modified from time to time, the “Loan Agreement”) among the Debtor, as Borrower, the Lenders referred to therein, and the Secured Party, as Administrative Agent, the Debtor will make a prepayment on the Loans in an amount equal to such Accumulated Proceeds;

WHEREAS, this Supplement is being entered into and delivered by the Debtor and the Secured Party in order to release the Secured Party’s Lien on and security interest in certain of the Collateral (including the Equipment set forth on Schedule A-1 hereto);

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the parties hereto agree as follows:

1. Definitions. Except as otherwise defined in this Supplement, terms defined in the Security Agreement or by reference therein are used herein as defined therein.

2. Supplements. Effective as of the date hereof, the Security Agreement shall be amended and supplemented as follows:

(a) Schedule A to the Security Agreement shall be amended by deleting therefrom the Equipment described on Schedule A-1 hereto and the Secured Party hereby agrees that such Equipment and the related leases more fully described on Schedule A-1 to Supplement No. 1 to the Loan Agreement shall no longer be included in the Collateral, and hereby releases and terminates its Lien on and security interest in, and all of its rights, title and interest, in and to, such Equipment and such leases. Schedule A-1 hereto shall be deemed to be a deletion from, and the Equipment described thereon shall cease to be a part of, Schedule A to the Security Agreement. Each reference to "Schedule A" in the Security Agreement, and each reference to "Schedule A to the Security Agreement" in any other Loan Document, shall be deemed to be a reference to Schedule A as amended by Schedule A-1 hereto, and each reference to "Equipment", "Item of Equipment" or "Items of Equipment" in any of the Loan Documents shall no longer include a reference to the Equipment described on Schedule A-1 hereto.

(b) It is hereby agreed that each reference to the "Security Agreement" and "this Agreement" in the Security Agreement, and each reference to the "Security Agreement" in each of the other Loan Documents, shall be deemed to be a reference to the Security Agreement as amended and supplemented by this Supplement.

3. Enforceability. The Debtor hereby (a) reaffirms and admits the validity and enforceability of the Security Agreement (as amended and supplemented by this Supplement) and the Lien created thereby and all of its obligations thereunder and (b) agrees and admits that it has no defenses to or offsets against any such obligations.

4. Ratification. All of the terms and conditions of the Security Agreement are hereby incorporated into this Supplement by reference thereto as fully and to the same extent as if set forth herein and except as expressly amended and supplemented hereby, the Security Agreement is and shall remain in full force and effect and is hereby ratified, approved and confirmed in all respects, and no amendment or supplement in respect of any term or condition of the Security Agreement shall be deemed to be an amendment or supplement in respect of any other term or condition contained in the Security Agreement or any other Loan Document.

5. Counterparts. This Supplement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Supplement by signing any such counterpart.

6. GOVERNING LAW. THIS SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement as of the date and year first set forth above.

PLM RAIL PARTNERS, LLC, a Delaware limited liability company, as Debtor

By: Transportation Equipment-PLM, LLC, a Delaware limited liability company, its manager

By: Scott E. Smith
Name: Scott E. Smith
Title: Vice President

HSH NORDBANK AG, NEW YORK BRANCH as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

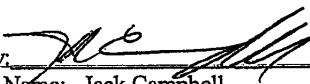
IN WITNESS WHEREOF, the parties hereto have executed and delivered this Supplement as of the date and year first set forth above.


PLM RAIL PARTNERS, LLC, a Delaware limited liability company, as Debtor

By: Transportation Equipment-PLM, LLC, a Delaware limited liability company, its manager

By: _____
Name:
Title:

HSH NORDBANK AG, NEW YORK BRANCH as Secured Party

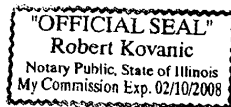
By:  _____
Name: Jack Campbell
Title: Senior Vice President

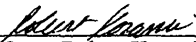
By:  _____
Name: Kristie Li
Title: Vice President

STATE OF ILLINOIS)
) SS.:
COUNTY OF KANE)

On this, the 2nd day of February, 2005, before me, a Notary Public in and for said County and State, personally appeared Scott E. Smith who being by me duly sworn, says that he is Vice President of Transportation Equipment-PLM, LLC, the Manager of PLM RAIL PARTNERS, LLC, that said instrument was signed on February 2, 2005 on behalf of said limited liability company, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.




Name: Robert Kovanic
Notary Public
My Commission Expires: February 10, 2008
Residing in Kane County

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this, the 19th day of January, 2005, before me, a Notary Public in and for said County and State, personally appeared Jack Campbell, who being by me duly sworn, says that (s)he is Senior Vice President of HSH NORDBANK AG, NEW YORK BRANCH, that said instrument was signed on January 19, 2005 on behalf of said company by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

SARAH L. ORTIZ
Notary Public, State of New York
No. 010R6007785
Qualified in Queens County
Commission Expires 5/26/06

Sarah L. Ortiz
Name:
Notary Public
My Commission Expires: 5/26/06
Residing in Queens

STATE OF NEW YORK)
) SS.:
COUNTY OF NEW YORK)

On this, the 19th day of January, 2005, before me, a Notary Public in and for said County and State, personally appeared Kristie Li, who being by me duly sworn, says that (s)he is Vice President of HSH NORDBANK AG, NEW YORK BRANCH, that said instrument was signed on January 19, 2005 on behalf of said company by authority of its Board of Directors, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.

SARAH L. ORTIZ
Notary Public, State of New York
No. 01OR6007785
Qualified in Queens County
Commission Expires 5/28/06

Sarah L Ortiz
Name:
Notary Public
My Commission Expires: 5/26/06
Residing in *Queens*

SCHEDULE A-1 -- RELEASED EQUIPMENT (Cars sold or scrapped as of 2/1/2005)
Supplement No. 1 to Security Agreement -- Chattel Mortgage

Total Fleet = 105

AAR Code	Mark	Car Number
C113	PCSX	1121
C113	PCSX	1122
C413	PCSX	9215
C413	PCSX	9404
C413	PCSX	9414
C413	PCSX	9415
C413	PCSX	9421
C413	PCSX	9422
C413	PCSX	9423
C413	PCSX	9426
C413	PCSX	9428
C413	PCSX	9430
E700	DCFX	1418
E700	DCFX	1419
E700	DCFX	1420
E700	DCFX	1421
E700	DCFX	1422
E700	DCFX	1423
E700	DCFX	1424
E700	DCFX	1425
E700	DCFX	1426
E700	DCFX	1427
E700	DCFX	1428
E700	DCFX	1429
E700	DCFX	1430
E700	DCFX	1431
E700	DCFX	1432
E700	DCFX	1434
E700	DCFX	1435
E700	DCFX	1436
E700	DCFX	1437
E700	DCFX	1438
E700	DCFX	1439
E700	DCFX	1440
E700	DCFX	1441

AAR Code	Mark	Car Number
E700	DCFX	1442
E700	DCFX	1443
E700	DCFX	1444
E700	DCFX	1445
E700	DCFX	1446
E700	DCFX	1447
E700	DCFX	1448
E700	DCFX	1449
E700	DCFX	1450
E700	DCFX	1451
E700	DCFX	1453
E700	DCFX	1454
E700	DCFX	1455
E700	DCFX	1457
E700	DCFX	1458
E700	DCFX	1459
E700	DCFX	1460
E700	DCFX	1462
E700	DCFX	1463
E700	DCFX	1464
E700	DCFX	1466
E700	DCFX	1467
E700	DCFX	1468
E700	DCFX	1469
E700	DCFX	1470
E700	DCFX	1471
E700	DCFX	1472
E700	DCFX	1473
E700	DCFX	1474
E700	DCFX	1475
E700	DCFX	1476
E700	DCFX	1477
E700	DCFX	1478
E700	DCFX	1479
E700	DCFX	1480

AAR Code	Mark	Car Number
E700	DCFX	1481
E700	DCFX	1482
E700	DCFX	1483
E700	DCFX	1485
E700	DCFX	1486
E700	DCFX	1487
E700	DCFX	1488
E700	DCFX	1489
E700	DCFX	1490
T104	CTEX	582
T104	CTEX	857
T104	CTEX	861
T106	PLMX	25487
T108	PLMX	164
T389	HMOX	2036
T389	PLMX	30086
T389	PLMX	135729
T389	PLMX	733171
T389	PLMX	733181
T389	PLMX	733186
T389	PLMX	733193
T389	PLMX	733194
T389	PLMX	733200
T389	PLMX	733203
T399	PLMX	9103
T399	PLMX	9139
T429	PLMX	2515
T429	PLMX	2523
T429	PLMX	2543
T429	PLMX	2591
T429	PLMX	2592
T909	PLMX	35215
T909	PLMX	35311
T919	CITX	35525
T919	PLMX	35527

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: February 3, 2005

A handwritten signature in cursive script, reading "Ed M Luria", written over a horizontal line.

Edward M. Luria